No Objection to Declassification in Part 2010/05/27 : LOC-HAK-552-1-27-8

PRIORITY
DE NTE #2668 1158826
P 2483ZPZ APR 76
FM THE SITUATION ROOM//TOHAK 83//

TO PASSAGE/COVEY/RODMAN FOR THE SECRETARY

T O P S E C R E T SENSITIVE CONTAINS CODEWORD EYES ONLY

VIA BLACK PATCH WH60327

TOHAK 83

APRIL 24, 1976

MEMORANDUM FOR GENERAL SCOWCROFT
FROM: THE SITUATION ROOM
SUBJECT: ADDITIONAL INFORMATION ITEMS

POTENTIAL FOR AN INDONESIAN NUCLEAR WEAPONS PROGRAM: 25X1

[redacted] WHILE INDONESIA HOPES TO HAVE A NUCLEAR WEAPON BY 1985, THE PRIMITIVE NATURE OF ITS CURRENT DEVELOPMENT PROGRAM PROVIDES LITTLE, IF ANY, CHANCE OF SUCCESS. ONE OF THE REASONS FOR THIS LIMITED PROSPECT IS THAT INDONESIA PROBABLY WILL NOT BE ABLE TO ACQUIRE THE CHEMICAL REPROCESSING FACILITY NECESSARY TO PRODUCE A NUCLEAR WEAPON. MOREOVER, EVEN THOUGH INDONESIA'S NUCLEAR PROGRAM STARTED IN 1958, IT HAS NOT PROGRESSED BEYOND BASIC RESEARCH AND RADIO-ISOTOPE PRODUCTION. MUST OF ITS PLANNED PROGRAM HAS BEEN DEPENDENT ON SOVIET AND U.S. ASSISTANCE, BUT POLITICAL PROBLEMS IN THE 1960S HALTED SOVIET AID AND REDUCED THE NUCLEAR PROGRAM TO A BARE MINIMUM. (QUINN) 25X1

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

CALTEX PROFITS SLASHED IN INDONESIA: [redacted] 25X1

State Dept. review completed

[redacted] CALTEX, THE MAJOR ONSHORE INDONESIAN OIL PRODUCER, GAVE IN TO MONTHS OF GOVERNMENT PRESSURE AND AGREED TO REDUCE ITS PROFIT MARGIN BY ONE DOLLAR PER BARREL OF CRUDE PRODUCED. THE AGREEMENT IS RETROACTIVE TO JANUARY 1. INDONESIA STANDS TO GAIN $300 MILLION IN NET OIL REVENUES THIS YEAR FROM THIS CHANGE, WHILE CALTEX'S PROFIT WILL DROP TO ABOUT $1.30 PER BARREL, STILL A SIZABLE

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MORI/CDF per C03204735

HYLAND,BUD,RODMAN,SECFLE

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FIXURE BY GENERAL OPEC STANDARDS. THIS REDUCTION MARKS THE THIRD OCCASION SINCE DECEMBER 1973 THAT CONTRACTS HAVE BEEN REVISED TO INCREASE GOVERNMENT REVENUES. STANVAC, A JOINT VENTURE OF EXXON AND MOBIL OPERATING UNDER A CONTRACT ALMOST IDENTICAL TO CALTEX'S, UNDOUBTEDLY WILL SOON HAVE TO FOLLOW SUIT. THE PRODUCTION-SHARING TYPE OF CONTRACT UNDER WHICH MOST OFFSHORE EXPLORATION IS CONDUCTED ALSO IS TARGETED FOR REVISON. ALLOWABLE COMPANY INVESTMENT WRITEOFFS REPORTEDLY WILL BE CUT BACK FROM 40 PERCENT TO 25 PERCENT OF THE VALUE OF PRODUCTION. AT CURRENT RATES OF PRODUCTION, THESE CUTBACKS WOULD NET INDONESA SOME $240 MILLION IN ADDITIONAL ANNUAL REVENUES. (QUINN)

MALAYSIA LAUNCHES ASSAULT ON THAILAND: ON APRIL 16, KUALA LUMPUR LAUNCHED A MAJOR AIR-GROUND COUNTERINSURGENCY OPERATION AGAINST A COMMUNIST BASE COMPLEX IN THE THAI BORDER REGION. THE OPERATION SEEMS TO REFLECT NEW DRIVE AND INITIATIVE BY MALAYSIAN SECURITY FORCES AND A NEW TOUGHNESS BY THE GOVERNMENT OF PRIME MINISTER HUSSEIN ONN. OVER 1500 GROUND FORCES HAVE BEEN COMMITTED TO THE ASSAULT AND VIRTUALLY ALL OPERATIONAL HELICOPTERS IN THE AIR FORCE, INCLUDING ONE THAT WAS TO BE USED BY SECRETARY BUTZ FOR TRAVEL IN MALAYSIA. OVER 70 SORTIES WERE FLOWN AGAINST THE COMPLEX IN THE PAST WEEK BY ALL TYPES OF AIRCRAFT, INCLUDING FSES AND U.S. MANUFACTURED HELICOPTERS. THE SIZE AND SCOPE OF THE ASSAULT PROBABLY REFLECTS THE TOUGH STANCE ON INTERNAL SECURITY ADOPTED BY THE PRIME MINISTER, WHO HAS PUBLICLY CITED IMPROVED SECURITY AS THE MAJOR OBJECTIVE OF HIS GOVERNMENT. ALTHOUGH RELATIONS WITH THAILAND MAY SUFFER SOMEWHAT BECAUSE OF THE UNILATERAL OPERATIONS SO CLOSE TO THE BORDER, HUSSEIN IS EVIDENTLY PREPARED TO RISK THIS IN ORDER TO KEEP THE COMMUNISTS OFF BALANCE AND THWART THEIR CROSS BORDER ACTIVITIES. (QUINN)

PROMISING ENERGY PROSPECTS IN MALAYSIA: [redacted] 25X1

[redacted] MALAYSIA'S OIL AND GAS RESERVES HAVE CONTINUED TO EXPAND DESPITE THE MODERATE PACE OF EXPLORATION EFFORTS, AND THE COUNTRY IS LIKELY TO BE AN IMPORTANT 25X1
NET EXPORTER OF OIL BY THE END OF THE DECADE. OIL PRODUCTION IS EXPECTED TO REACH 300,000 BARRELS PER DAY BY 1980. MALAYSIA'S PROVEN OIL RESERVES ARE CURRENTLY ESTIMATED AT ROUGHLY 2.5 MILLION BARRELS. COMMERCIAL EXPLOITATION OF NATURAL GAS RESERVES WILL PROBABLY ALSO BEGIN IN THE NEAR FUTURE. MALAYSIA POSSESSES SIZABLE UNASSOCIATED NATURAL GAS RESOURCES, ESTIMATED IN THE RANGE OF 15 TRILLION CUBIC FEET. (QUINN)
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